

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

JUNE 30, 2008

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

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August 1, 2008

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Pickford Public Schools
Pickford, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pickford Public Schools, Pickford, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pickford Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, of the governmental activities, each major fund, and the aggregate remaining fund information of Pickford Public Schools, Pickford, Michigan, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2008, on our consideration of Pickford Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pickford Public Schools, Pickford, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C

Baird, Cotter & Bishop, P.C.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Pickford Public Schools is a K-12 school district located in Chippewa and Mackinac Counties, Michigan. The Management's Discussion and Analysis is intended to be the Pickford Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally, accepted accounting principles (GAAP) require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30,

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets	\$ 1,327,685	\$ 1,233,991
Non Current Assets		
Deferred Charges	51,764	55,461
Capital Assets	5,381,386	5,335,129
Less Accumulated Depreciation	(1,395,813)	(1,222,886)
Total Non Current Assets	<u>4,037,337</u>	<u>4,167,704</u>
Total Assets	<u>\$ 5,365,022</u>	<u>\$ 5,401,695</u>
Liabilities		
Current Liabilities	\$ 742,988	\$ 772,655
Non Current Liabilities	<u>3,508,409</u>	<u>3,917,014</u>
Total Liabilities	<u>4,251,397</u>	<u>4,689,669</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	287,808	23,408
Restricted for Debt Service	62,692	59,423
Restricted for Consolidated Community Schools	592,553	448,530
Unrestricted	<u>170,572</u>	<u>180,665</u>
Total Net Assets	<u>1,113,625</u>	<u>712,026</u>
Total Liabilities and Net Assets	<u>\$ 5,365,022</u>	<u>\$ 5,401,695</u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2008, the District's net assets increased by \$401,599. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

The school district maintains a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2008, \$172,927 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2008 assets valued at \$46,257 were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, asset disposals and the current year's depreciation is a decrease in net capital assets in the amount of \$126,670 for the fiscal year ended June 30, 2008.

E. Results of Operations

The following schedule summarizes the results of operations, on a District-wide basis for the fiscal year ended June 30,

	2008	% of Total	2007	% of Total
General Revenues				
Property Taxes	\$ 1,012,092	14.31%	\$ 964,922	14.43%
Investment Earnings	16,364	0.23%	22,713	0.34%
State Sources	3,497,857	49.47%	3,293,799	49.27%
Other	82,519	1.17%	107,359	1.60%
Total General Revenues	4,608,832	65.18%	4,388,793	65.64%
Program Revenues				
Charges for Services	372,712	5.27%	351,688	5.26%
Operating Grants	2,089,711	29.55%	1,944,494	29.10%
Total Program Revenues	2,462,423	34.82%	2,296,182	34.36%
Total Revenues	\$ 7,071,255	100.00%	\$ 6,684,975	100.00%

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

	2008	% of Total	2007	% of Total
Expenses				
Instruction	\$ 2,535,015	38.00%	\$ 2,850,921	45.19%
Supporting Services	1,597,514	23.95%	1,197,716	18.99%
Food Service	158,499	2.38%	152,775	2.42%
Athletic Activities	137,248	2.06%	130,914	2.08%
Community Services	1,756,628	26.34%	1,564,110	24.79%
Interest on Long-Term Debt	154,073	2.31%	167,705	2.66%
Other Transactions	157,752	2.37%	92,742	1.47%
Unallocated Depreciation	172,927	2.59%	151,593	2.40%
Total Expenses	6,669,656	100.00%	6,308,476	100.00%
Change in Net Assets	<u>\$ 401,599</u>		<u>\$ 376,499</u>	

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenses are discussed in the segments below:

1. Property Taxes

The District levies 18.00 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2007-2008 fiscal year, the District levied \$476,640 in non-homestead property taxes. This represented an increase of 4.24% from the prior year. The amount of unpaid property taxes at June 30, 2008, was \$5,520.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

The following table summarizes the non-homestead property tax levies for operations for the past five years:

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Increase (Decrease) from Prior Year</u>
2007-2008	476,640	4.24%
2006-2007	457,226	10.29%
2005-2006	414,583	8.12%
2004-2005	383,452	9.50%
2003-2004	350,199	8.59%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2007-2008 fiscal year, the District received \$7,204 per student FTE, which represented an increase of \$119 over the amount received for the 2006-2007 fiscal year.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

<u>Fiscal Year</u>	<u>Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2007-2008	524	11
2006-2007	513	9
2005-2006	504	(9)
2004-2005	513	2
2003-2004	511	4

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2008, federal, state, and other grants accounted for \$2,089,711.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

5. Comparative Expenditures

A comparison of expenditures by fund is as follows:

<u>Expenditures</u>	<u>2007-2008</u> <u>Fiscal Year</u>	<u>2006-2007</u> <u>Fiscal Year</u>	<u>Increase</u> <u>(Decrease)</u>
General Fund	\$ 6,052,666	\$ 5,940,363	\$ 112,303
Food Service Fund	158,499	152,775	5,724
Athletic Activities Fund	170,948	130,914	40,034
Debt Service Funds	546,971	631,067	(84,096)
Total Expenditures	<u>\$ 6,929,084</u>	<u>\$ 6,855,119</u>	<u>\$ 73,965</u>

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

<u>Expenditures</u>	<u>2007-2008</u> <u>Fiscal Year</u>	<u>2006-2007</u> <u>Fiscal Year</u>	<u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 2,535,015	\$ 2,850,921	\$ (315,906)
Supporting Services	1,608,071	1,397,318	210,753
Food Service Activities	158,499	152,775	5,724
Athletic Activities	170,948	130,914	40,034
Community Services	1,758,628	1,564,110	194,518
Debt Service	546,333	630,133	(83,800)
Other Transactions	151,590	128,948	22,642
Total Expenditures	<u>\$ 6,929,084</u>	<u>\$ 6,855,119</u>	<u>\$ 73,965</u>

G. General Fund Budgetary Highlights

The Uniform Budgeting and Accounting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2007-2008 fiscal year, the District amended the general fund budget throughout the year, with the Board adopting the changes in June 2008. The following schedule shows a comparison of the

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PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 5,794,143	\$ 6,320,015	\$ 6,292,296	\$ (27,719)
EXPENDITURES AND TRANSFERS				
Instruction	\$ 2,747,782	\$ 2,573,351	\$ 2,535,015	\$ (38,336)
Supporting Services	1,268,860	1,641,792	1,608,071	(33,721)
Community Services	1,589,420	1,880,844	1,758,628	(122,216)
Other Transactions	0	147,250	150,952	3,702
Transfers	201,240	75,840	72,674	(3,166)
Total Expenditures and Transfers	\$ 5,807,302	\$ 6,319,077	\$ 6,125,340	\$ (193,737)

The change between original budget and final budget was a result of a more accurate picture of anticipated revenues and expenditures.

The total expenditure variance of \$(193,737) is 3.07% of total budgeted expenditures. This favorable variance is a result of not spending as much as anticipated.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2007-2008 fiscal year, the District had invested over \$5.3 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$172,927 bringing the accumulation to \$1,395,813 as of June 30, 2008.

2. Long-Term Debt

At June 30, 2008, the District had \$3,763,409 in long-term debt outstanding. This represents a reduction of \$388,605 from the amount outstanding at the close of the prior fiscal year.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- The district has a labor agreement with the Pickford Education Association (instructional staff) which expires on August 31, 2008. A subsequent agreement is currently in negotiations.
- The district has a labor agreement with the Pickford Educational Support Personnel Association which extends through August of 2010.
- Pickford Public Schools has maintained a fairly stable student population since 2002 and estimations are that a trend should continue for at least another year with pupil numbers somewhere between 420 and 430 for grades K-12. Non-resident, Schools of Choice, students remain a significant factor in the district's pupil count comprising approximately 16.5% of the total.
- The most recent bus purchase was in 2006. Current equipment is operational but some systematic replacement will have to begin to take place, probably in the next 12 to 15 months at the latest.
- During the Spring of 2008, the district had a building assessment and feasibility report done by a construction management firm. The district's board of education is in the process of analyzing that report and considering what elements need to be acted upon in a timely fashion. A portion of the report focused upon facility upgrades for things such as roofing, lighting, and the heating system. Another portion explored the feasibility of some new construction such as a new multi-use room and storage. Various financing options for the respective initiatives are being explored as well.
- Just like everyone else, schools are not immune to the effects of higher energy costs. Heating, electricity and transportation fuel have all had to be budgeted higher. The effects will also impact shipping charges for all of the supplies the district orders and will impact various costs in the food service program. Thus far, the district has not opted to increase lunch and breakfast charges, nor has it instituted any sort of pay-to-ride element for extracurricular activities. If energy costs continue to rise unabated, the likelihood of some sort of amelioration via fees or increased prices becomes greater.
- The graduating class of 2011 will be sophomores in 2008-2009, completing their second year of progress in the Michigan Merit Curriculum. The high school continues to attempt to find ways to accommodate the curricular changes and it has affected staffing and scheduling. As the progress of this class is monitored, and subsequent classes enter high school, continual adjustments to staffing and course offerings are pretty much assured.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2008

- During the past year, two major improvements to the district's athletic facilities occurred. A renovation and expansion of the existing press box, and the addition of enclosed "skybox" seating which also provides a windbreak for bleacher seating was completed in the football/track area. Also, the new baseball diamond with dugouts and perimeter fencing was also completed to allow baseball competition to be held on school property for the first time in over 17 years. In addition to utility, the site improvements have significantly increased the aesthetic presentation of the entire school campus.

Contacting the District's Financial Management

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Pickford Public Schools, 333 S. Pleasant Street, P.O. Box 278, Pickford, Michigan 49774.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN
STATEMENT OF NET ASSETS

JUNE 30, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 134,888
Taxes Receivable	8,869
Due from Other Governments	816,359
Inventory	3,055
Investments	364,514
	<hr/>
Total Current Assets	1,327,685

NON CURRENT ASSETS

Deferred Charges - Net of Amortization	51,764
Capital Assets	5,381,386
Less Accumulated Depreciation	(1,395,813)
	<hr/>
Total Non Current Assets	4,037,337
	<hr/>
TOTAL ASSETS	\$ 5,365,022

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Technical Bank Overdraft	\$ 16,720
Accounts Payable	33,304
Accrued Expenses	149,642
Accrued Interest Payable	22,820
Salaries Payable	265,502
Current Portion of Non Current Liabilities	255,000
	<hr/>
Total Current Liabilities	742,988

NON CURRENT LIABILITIES

Bonds Payable	3,595,000
Compensated Absences	65,644
School Bond Loan Fund	102,765
Less Current Portion of Non Current Liabilities	(255,000)
	<hr/>
Total Non Current Liabilities	3,508,409
	<hr/>
Total Liabilities	4,251,397

NET ASSETS

Invested in Capital Assets Net of Related Debt	287,808
Restricted for Debt Service	62,692
Restricted for Consolidated Community Schools	592,553
Unrestricted	170,572
	<hr/>
Total Net Assets	1,113,625
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 5,365,022

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 2,198,673	\$ 5,200	\$ 51,202	\$ (2,142,271)
Added Needs	194,469	0	120,944	(73,525)
Adult/Continuing Education	141,873	0	0	(141,873)
Supporting Services				
Pupil	187,568	0	0	(187,568)
Instructional Staff	164,824	0	0	(164,824)
General Administration	200,755	0	0	(200,755)
School Administration	333,866	0	0	(333,866)
Business	57,912	0	0	(57,912)
Operation and Maintenance of Plant	440,882	0	0	(440,882)
Pupil Transportation Services	208,739	0	0	(208,739)
Central Services	2,968	0	0	(2,968)
Food Service	158,499	66,156	91,529	(814)
Athletic Activities	137,248	33,052	0	(104,196)
Community Services	1,756,628	268,304	1,826,036	337,712
Interest on Long Term Debt	154,073	0	0	(154,073)
Other Transactions	157,752	0	0	(157,752)
Unallocated Depreciation	172,927	0	0	(172,927)
Total Governmental Activities	<u>\$ 6,669,656</u>	<u>\$ 372,712</u>	<u>\$ 2,089,711</u>	<u>(4,207,233)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				476,640
Property Taxes - Debt Service				535,452
Investment Earnings				16,364
State Sources				3,497,857
Other				82,519
Total General Revenues				<u>4,608,832</u>
Change in Net Assets				401,599
<u>NET ASSETS</u> - Beginning of Year				<u>712,026</u>
<u>NET ASSETS</u> - End of Year				\$ 1,113,625

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2008

	GENERAL FUND	2005 DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 59,639	\$ 19,865	\$ 55,384	\$ 134,888
Taxes Receivable	5,520	3,290	59	8,869
Due from Other Governments	816,359	0	0	816,359
Due from Other Funds	34,932	0	0	34,932
Inventory	0	0	3,055	3,055
Investments	305,501	59,013	0	364,514
TOTAL ASSETS	\$1,221,951	\$ 82,168	\$ 58,498	\$ 1,362,617
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Technical Bank Overdraft	\$ 16,720	\$ 0	\$ 0	\$ 16,720
Accounts Payable	33,304	0	0	33,304
Accrued Expenses	147,892	0	1,750	149,642
Salaries Payable	258,273	0	7,229	265,502
Due to Other Funds	0	0	34,932	34,932
Total Liabilities	456,189	0	43,911	500,100
<u>FUND BALANCES</u>				
Reserved for Inventory	0	0	3,055	3,055
Reserved for Debt Service	0	82,168	3,344	85,512
Reserved for Consolidated Community Schools	592,553	0	0	592,553
Unreserved, Designated - Special Revenue	0	0	8,188	8,188
Unreserved, Undesignated	173,209	0	0	173,209
Total Fund Balances	765,762	82,168	14,587	862,517
TOTAL LIABILITIES AND FUND BALANCES	\$1,221,951	\$ 82,168	\$ 58,498	\$ 1,362,617

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2008

Total Governmental Fund Balances		\$	862,517
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			
The cost of the capital assets is	5,381,386		
Accumulated depreciation is	<u>(1,395,813)</u>		3,985,573
Bond issuance costs are reported as deferred charges and capitalized and amortized over the term of the bonds			51,764
Long term liabilities are not due and payable in the current period and are not reported in the funds			
Bonds Payable			(3,595,000)
School Bond Loan			(102,765)
Compensated Absences			(65,644)
Accrued interest is not included as a liability in government funds, it is recorded when paid			<u>(22,820)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		\$	<u><u>1,113,625</u></u>

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	GENERAL FUND	2005 DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 792,567	\$ 492,666	\$ 194,764	\$ 1,479,997
State Sources	3,568,569	0	9,753	3,578,322
Federal Sources	1,696,108	0	81,776	1,777,884
Other Transactions	235,052	0	0	235,052
Total Revenues	6,292,296	492,666	286,293	7,071,255
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	2,198,673	0	0	2,198,673
Added Needs	194,469	0	0	194,469
Adult/Continuing Education	141,873	0	0	141,873
Supporting Services				
Pupil	187,568	0	0	187,568
Instructional Staff	164,824	0	0	164,824
General Administration	200,755	0	0	200,755
School Administration	333,866	0	0	333,866
Business	57,912	0	0	57,912
Operation and Maintenance	451,439	0	0	451,439
Pupil Transportation Services	208,739	0	0	208,739
Central Services	2,968	0	0	2,968
Food Service	0	0	158,499	158,499
Athletic Activities	0	0	170,948	170,948
Community Services	1,758,628	0	0	1,758,628
Debt Service				
Principal	0	333,394	50,000	383,394
Interest	0	156,584	6,355	162,939
Other Transactions	150,952	600	38	151,590
Total Expenditures	6,052,666	490,578	385,840	6,929,084
Excess (Deficiency) of Revenues Over Expenditures	239,630	2,088	(99,547)	142,171
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	0	0	72,674	72,674
Transfers Out	(72,674)	0	0	(72,674)
Total Other Financing Sources (Uses)	(72,674)	0	72,674	0
Net Change in Fund Balance	166,956	2,088	(26,873)	142,171
<u>FUND BALANCE</u> - Beginning of Year	598,806	80,080	41,460	720,346
<u>FUND BALANCE</u> - End of Year	\$ 765,762	\$ 82,168	\$ 14,587	\$ 862,517

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances Total Governmental Funds	\$ 142,171
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(172,927)
Capital Outlay	37,757

Fair Market Value of Donated Capital Assets	8,500
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Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	24,010
Accrued Interest Payable - End of Year	(22,820)

The issuance of long-term debt provides financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Decrease in School Bond Loan Fund	156,070
Repayments of principal on long-term debt	235,000
Amortization of bond issue cost and bond premium on refunding	(3,697)

Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	63,179
Compensated Absences - End of Year	<u>(65,644)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 401,599</u></u>
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The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2008

	<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash		<u>\$ 28,492</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>		
Due to Groups and Organizations		\$ 28,492
<u>NET ASSETS</u>		<u>0</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 28,492</u>

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Pickford Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

Pickford Public Schools (the "District") is located in Chippewa and Mackinac Counties with its administrative offices located at 333 S. Pleasant Street, Pickford, Michigan. The District operates under an elected 7-member board of education and provides services to its 524 students in elementary, middle, high school, and special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. As required by generally accepted accounting principles, these financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations and so data from these units are combined with data of the School. The financial data of the component unit is combined into the General Fund of the School District to be in compliance with the Michigan School Accounting Manual. The following component unit is consolidated with the General Fund of the School District:

Consolidated Community School Services

The Consolidated Community School Services program provides adult education and community recreation to seven school districts in the Eastern Upper Peninsula Intermediate School District. Pickford Public School District is the fiscal agent for the Consolidated Community School Services program. Due to this relationship, Consolidated Community School Services is considered a component of the Schools' reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead reported as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2005 debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *2006 debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred,

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008, the foundation allowance was based on pupil membership counts taken in February and September of 2007. For fiscal year ended June 30, 2008, the per pupil foundation allowance was \$7,204 for Pickford Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2007 to August 2008. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in petty cash and checking accounts.

Investments are carried at market value.

The school's investment policy authorizes the School District to invest in funds as follows:

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

- (a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- (b) Certificates of deposit issued by a state or nationally-chartered bank or a state or Federally-chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office in Michigan under Michigan and Federal laws.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Michigan Investment Liquid Asset Fund Plus (MILAF).

The above investment policy is in compliance with state statutes.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1, and are due upon receipt of the billing by the taxpayer. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2008, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General Fund - Non-homestead	18.00
Debt Service Fund - Homestead and non-homestead	7.00
Debt Service Fund - Homestead and non-homestead	0.81

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

4. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5-20 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay and comp time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph 146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

- A. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 18, 2007, or as amended by the School Board of Education June 16, 2008.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds:

School Service Fund – Food Service Fund expenditures of \$ 158,499 exceeded appropriations of \$148,000 by \$10,499.

School Service Fund – Athletic Activities Fund expenditures of \$170,948 exceeded appropriations of \$109,575 by \$61,373.

General Fund – Pupil Activities expenditures of \$187,568 exceeded appropriations of \$186,719 by \$849, Operations and Maintenance expenditures of \$451,439 exceeded appropriations of \$447,474 by \$3,965, and Other Transactions expenditures of \$150,952 exceeded appropriations of \$147,250 by \$3,702.

The above overages were funded by greater than anticipated original budgeted revenues and available fund balance.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments - Credit Risk

The District's deposits and investments are all on deposit with Central Savings Bank, and Michigan School District Liquid Asset Fund Plus.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Investment rate risk. The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2008, \$511,437 of the government's bank balance of \$648,825 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in

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NOTES TO FINANCIAL STATEMENTS

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the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name.

At year-end, the only investments were certificates of deposit and investment trust funds.

Investments not subject to categorization:

Investment Trust Funds	\$ 153,034
Money Market Account	<u>211,480</u>
Investments per Statement of Net Assets	<u><u>\$ 364,514</u></u>

The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2008, the fair value of the District's investments is the same as the value of the pool shares.

B. Receivables

Receivables as of year end for the government's individual major fund, nonmajor funds and fiduciary funds are as follows:

	General	Debt Retirement Fund	2006 Debt Retirement Fund	Total
Receivables				
Taxes	\$ 5,520	\$ 3,290	\$ 59	\$ 8,869
Due from Other Governments	816,359	0	0	816,359
Total	<u><u>\$ 821,879</u></u>	<u><u>\$ 3,290</u></u>	<u><u>\$ 59</u></u>	<u><u>\$825,228</u></u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2007
Capital assets:				
Buildings and additions	\$ 4,665,639	\$ 33,700	\$ 0	\$ 4,699,339
Machinery and equipment	214,574	12,557	0	227,131
Transportation equipment	454,916	0	0	454,916
Subtotal	5,335,129	46,257	0	5,381,386
Less accumulated depreciation for:				
Buildings and additions	898,617	99,538	0	998,155
Machinery and equipment	85,659	35,754	0	121,413
Transportation equipment	238,610	37,635	0	276,245
Total accumulated depreciation	(1,222,886)	(172,927)	0	(1,395,813)
Net capital assets	\$ 4,112,243	\$ (126,670)	\$ 0	\$ 3,985,573

Depreciation for the fiscal year ended June 30, 2008 amounted to \$ 172,927. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the Long-Term Debt transactions for the School District for the year ended June 30, 2008:

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

	BONDS PAYABLE	SCHOOL BOND LOAN FUND	ACCRUED EXPENSES	TOTAL
Long-Term Debt				
at July 1, 2007	\$3,830,000	\$ 258,835	\$ 63,179	\$4,152,014
New Debt Issued	0	0	0	0
Bonds Retired and Paid	(235,000)	(156,070)	0	(391,070)
Increase in				
Accrued Expenses	0	0	2,465	2,465
LONG-TERM DEBT				
AT JUNE 30, 2008	\$3,595,000	\$ 102,765	\$ 65,644	\$3,763,409
Due Within One Year	\$ 255,000	\$ 0	\$ 0	\$ 255,000

At June 30, 2008, the School District's long-term debt consisted of the following:

Bonds and Loans Payable

General Obligation Serial Bonds: \$3,885,000 2005 Refunding Bonds, Due in Annual Installments of \$205,000 to \$270,000 through May 1, 2022; Interest at 3.000% to 4.125%	\$ 3,490,000
School Bus Bonds: \$200,000 2006 School Bus Bonds, Due in Annual Installments of \$50,000 to \$55,000 through May 1, 2010; Interest at 4.10%	105,000
School Bond Loan: \$95,510 Plus Accrued Interest of \$7,255 Interest at 4.25% to 4.75%	102,765
Accumulated Sick Leave of Employees	65,644
TOTAL LONG-TERM DEBT	<u>\$ 3,763,409</u>

The annual requirements to amortize the serial bonds payable outstanding as of June 30, 2008, including interest payments of \$1,074,282, are as follows:

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2009	\$ 255,000	\$ 136,923	\$ 391,923
2010	270,000	128,723	398,723
2011	220,000	119,482	339,482
2012	245,000	111,782	356,782
2013	265,000	103,206	368,206
2014-2018	1,290,000	366,048	1,656,048
2019-2022	1,050,000	108,118	1,158,118
	<u>\$ 3,595,000</u>	<u>\$ 1,074,282</u>	<u>\$ 4,669,282</u>

During the past five years, the School borrowed from the State of Michigan's School Bond Loan Fund. The State of Michigan makes loans to school districts to assist the districts in the payment of debt service on their outstanding General Obligation Bonds. The loan is to be repaid whenever the School District's property tax levies, dedicated to service General Obligation Bonds, result in funds in excess of those requirements. The accrued interest on the loans is added to the loans by the State of Michigan. The above annual requirements do not include the school bond loan since the repayment schedule is unknown.

The annual requirements to amortize the accrued sick leave are uncertain because it is unknown when the employees will use the sick leave. Consequently, the above schedule of annual requirements does not include the sick leave.

E. Short-Term Debt

On August 2, 2007, the District issued a State Aid Note in the amount of \$600,000. The note matured on June 30, 2008 with interest at 4.1%. The District pledged its State Aid revenue for payment of this liability at maturity. The purpose of the note was to provide for cash flow needs at the beginning of the school year. Interest expense for the year was \$22,482. The balance at June 30, 2008 was \$0.

The following is a summary of the Short-Term Debt transactions for the School District for the year ended June 30, 2008:

Short-Term Debt at July 1, 2007	\$ 0
New Debt Issued	600,000
Debt Retired and Paid	(600,000)
Short-Term Debt at June 30, 2008	<u>\$ 0</u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2008, were:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 34,932	\$ 0
School Service Fund - Food Service Fund	0	34,932
	<u>\$ 34,932</u>	<u>\$ 34,932</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2008, are expected to be repaid within one year.

Interfund transfers as shown in the individual fund financial statements at June 30, 2008, were:

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General Fund	\$ 0	\$ 72,674
School Service Fund - Athletic Activities Fund	72,674	0
	<u>\$ 72,674</u>	<u>\$ 72,674</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

G. Lease Information

During the year the school leased office and classroom space and various pieces of equipment. The rent expense was \$39,200 for the year ending June 30, 2008. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

On March 10, 2006, the school entered into a five-year lease for photocopiers. The future minimum lease payments for these leases are as follows:

	<u>AMOUNT</u>
2009	\$ 5,123
2010	5,124
2011	<u>4,270</u>
	<u>\$ 14,517</u>

H. Designated and Reserved Fund Balance

The School has reserved or designated this fund balance as follows:

1. General Fund

The School's policy is to show fund balance of the Consolidated Community Schools as reserved for the Consolidated Community School's use.

2. Inventory and Prepaid Expenditures

Fund balances are reserved for inventories and prepaid expenditures to emphasize that these amounts are not appropriate for other purposes.

3. Food Service and Athletic Activities

The School's policy is to show fund balance of the Food Service Fund and Athletic Activities Fund as designated for those purposes.

4. Debt Service

The entire fund balances of the Debt Service Funds are reserved for debt service.

I. SALE OF FUTURE REVENUES

For several years, the District has sold its rights to delinquent real property tax revenues and related late payment penalties to the Chippewa and Mackinac County treasurers. For the 2007 tax roll the District received a lump sum payment of \$40,450 for general operating tax revenues, \$445,344 for debt service tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the counties are allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the counties are ultimately unable to collect any of these delinquent taxes, the District will have to repay the counties.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 4 - OTHER INFORMATION

A. Employee Retirement System

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine-member board of MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-6000.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2008, was 17.74% for the period July 2007 through September 2007 and 16.72% for the period October 2007 through June 2008. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2008, 2007 and 2006 were \$455,563, \$458,931, and \$448,317 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2008 or any of the prior three years.

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS
<u>REVENUES</u>			
Local Sources	\$ 719,500	\$ 715,418	\$ 792,567
State Sources	3,503,075	3,609,993	3,568,569
Federal Sources	1,537,368	1,797,661	1,696,108
Other Transactions	34,200	196,943	235,052
Total Revenues	5,794,143	6,320,015	6,292,296
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	1,764,402	2,215,699	2,198,673
Added Needs	165,330	195,017	194,469
Adult/Continuing Education	818,050	162,635	141,873
Supporting Services			
Pupil	98,460	186,719	187,568
Instructional Staff	40,300	175,983	164,824
General Administration	208,600	210,725	200,755
School Administration	290,200	338,570	333,866
Business	631,300	62,101	57,912
Operation and Maintenance	0	447,474	451,439
Pupil Transportation Services	0	216,220	208,739
Central Services	0	4,000	2,968
Community Services	1,589,420	1,880,844	1,758,628
Other Transactions	0	147,250	150,952
Total Expenditures	5,606,062	6,243,237	6,052,666
Excess (Deficiency) of Revenues Over Expenditures	188,081	76,778	239,630
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(201,240)	(75,840)	(72,674)
Net Change in Fund Balance	(13,159)	938	166,956
<u>FUND BALANCE</u> - Beginning of Year	467,713	598,806	598,806
<u>FUND BALANCE</u> - End of Year	\$ 454,554	\$ 599,744	\$ 765,762

PICKFORD PUBLIC SCHOOL
PICKFORD , MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	<u>TOTAL</u>
	<u>FOOD</u> <u>SERVICE</u>	<u>ATHLETIC</u> <u>ACTIVITIES</u>	<u>2006 DEBT</u> <u>RETIREMENT</u> <u>FUND</u>	<u>NONMAJOR</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
<u>ASSETS</u>				
Cash	\$ 46,779	\$ 5,320	\$ 3,285	\$ 55,384
Taxes Receivable	0	0	59	59
Inventory	3,055	0	0	3,055
 TOTAL ASSETS	 \$ 49,834	 \$ 5,320	 \$ 3,344	 \$ 58,498
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accrued Expenses	\$ 1,249	\$ 501	\$ 0	\$ 1,750
Salaries Payable	5,171	2,058	0	7,229
Due to Other Funds	34,932	0	0	34,932
 TOTAL LIABILITIES	 41,352	 2,559	 0	 43,911
 <u>FUND BALANCE</u>				
Reserved for Inventory	3,055	0	0	3,055
Reserved for Debt Service	0	0	3,344	3,344
Unreserved				
Designated for Food Service	5,427	0	0	5,427
Designated for Athletic Activities	0	2,761	0	2,761
 Total Fund Balances	 8,482	 2,761	 3,344	 14,587
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 49,834	 \$ 5,320	 \$ 3,344	 \$ 58,498

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>2006 DEBT</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>RETIREMENT</u>	<u>GOVERNMENTAL</u>
			<u>FUND</u>	<u>FUNDS</u>
<u>REVENUES</u>				
Local Sources	\$ 66,275	\$ 72,105	\$ 56,384	\$ 194,764
State Sources	9,753	0	0	9,753
Federal Sources	81,776	0	0	81,776
Total Revenues	157,804	72,105	56,384	286,293
<u>EXPENDITURES</u>				
Food Service Activities	158,499	0	0	158,499
Athletic Activities	0	170,948	0	170,948
Debt Service				
Principal	0	0	50,000	50,000
Interest	0	0	6,355	6,355
Other Transactions	0	0	38	38
Total Expenditures	158,499	170,948	56,393	385,840
Excess (Deficiency) of Revenues Over Expenditures	(695)	(98,843)	(9)	(99,547)
<u>OTHER FINANCING SOURCES</u>				
Transfers In	0	72,674	0	72,674
Net Change in Fund Balance	(695)	(26,169)	(9)	(26,873)
<u>FUND BALANCE</u> - Beginning of Year	9,177	28,930	3,353	41,460
<u>FUND BALANCE</u> - End of Year	\$ 8,482	\$ 2,761	\$ 3,344	\$ 14,587

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL FUND
COMBINING BALANCE SHEET

JUNE 30, 2008

	CONSOLIDATED COMMUNITY			TOTALS	
	GENERAL OPERATING ACCOUNT	SCHOOL SERVICES ACCOUNT	INTRA ACCOUNT ELIMINATIONS	2008	2007
<u>ASSETS</u>					
Cash	\$ 59,566	\$ 73	\$ 0	\$ 59,639	\$ 124,558
Taxes Receivable	5,520	0	0	5,520	4,642
Due from Other Governments	683,269	485,838	(352,748)	816,359	633,737
Due from Other Funds	34,932	0	0	34,932	6,186
Prepaid Expenditures	0	0	0	0	42,322
Investments	94,021	211,480	0	305,501	292,830
 TOTAL ASSETS	 \$ 877,308	 \$ 697,391	 \$ (352,748)	 \$ 1,221,951	 \$ 1,104,275
 <u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Technical Bank Overdraft	\$ 0	\$ 16,720	\$ 0	16,720	\$ 0
Accounts Payable	2,971	30,333	0	33,304	96,810
Accrued Expenses	144,130	9,472	(5,710)	147,892	137,556
Salaries Payable	209,960	48,313	0	258,273	271,103
Due to Other Governments	347,038	0	(347,038)	0	0
 TOTAL LIABILITIES	 704,099	 104,838	 (352,748)	 456,189	 505,469
 <u>FUND BALANCE</u>					
Reserved for:					
Consolidated Community Schools	0	592,553	0	592,553	448,530
Prepaid Expenses	0	0	0	0	42,322
Unreserved					
Undesignated	173,209	0	0	173,209	107,954
 Total Fund Balance	 173,209	 592,553	 0	 765,762	 598,806
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 877,308	 \$ 697,391	 \$ (352,748)	 \$ 1,221,951	 \$ 1,104,275

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

	CONSOLIDATED COMMUNITY			TOTALS	
	GENERAL OPERATING ACCOUNT	SCHOOL SERVICES ACCOUNT	INTRA ACCOUNT ELIMINATIONS	2008	2007
<u>REVENUES</u>					
Local Sources	\$ 522,723	\$ 271,844	\$ (2,000)	\$ 792,567	\$ 741,530
State Sources	2,749,606	818,963	0	3,568,569	3,343,082
Federal Sources	101,434	1,594,674	0	1,696,108	1,546,492
Other Transactions	3,690	231,362	0	235,052	316,899
Total Revenues	3,377,453	2,916,843	(2,000)	6,292,296	5,948,003
<u>EXPENDITURES</u>					
Instruction					
Basic Programs					
Elementary School	1,106,377	0	0	1,106,377	1,030,764
High School	571,209	339,162	0	910,371	649,782
Pre-School	0	181,925	0	181,925	222,574
Added Needs					
Special Education	70,489	0	0	70,489	65,632
Compensatory Education	123,980	0	0	123,980	109,003
Career and Technical Education	0	0	0	0	1,032
Adult/ Continuing Education					
Adult and Alternative Education	0	141,873	0	141,873	767,238
Adult Education - Enrichment	0	0	0	0	4,896
Supporting Services					
Pupil					
Truancy/Absenteeism Services	0	44,541	0	44,541	0
Guidance Services	49,731	44,256	0	93,987	46,704
Health Services	25,869	0	0	25,869	24,957
Other Pupil Services	23,171	0	0	23,171	21,685
Instructional Staff					
Educational Media Services	40,404	0	0	40,404	38,967
Supervision and Direction	0	59,837	0	59,837	0
Academic Student Assessment	0	64,583	0	64,583	0
General Administration					
Board of Education	23,178	497	0	23,675	27,637
Executive Administration	177,080	0	0	177,080	173,665
School Administration					
Office of the Principal	277,317	48,656	0	325,973	282,423
Other School Administration	0	7,893	0	7,893	0

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

	CONSOLIDATED COMMUNITY			TOTALS	
	GENERAL OPERATING ACCOUNT	SCHOOL SERVICES ACCOUNT	INTRA ACCOUNT ELIMINATIONS	2008	2007
Business					
Other Business Services	52,945	4,967	0	57,912	49,525
Operation and Maintenance of Plant	379,730	71,709	0	451,439	343,675
Pupil Transportation Services	208,739	0	0	208,739	388,080
Central Services					
Staff/Personnel Services	0	2,968	0	2,968	0
Community Services					
Community Services- Direction	0	215,053	(2,000)	213,053	176,372
Community Recreation	0	83,438	0	83,438	51,638
Other Community Services	0	1,462,137	0	1,462,137	1,336,100
Other Transactions					
Transfers to Other School Districts	150,952	0	0	150,952	128,014
Total Expenditures	3,281,171	2,773,495	(2,000)	6,052,666	5,940,363
Excess (Deficiency) of Revenues Over Expenditures	96,282	143,348	0	239,630	7,640
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	0	0	0	0	199,602
Transfers Out	(72,674)	0	0	(72,674)	(82,778)
Total Other Financing Sources (Uses)	(72,674)	0	0	(72,674)	116,824
Net Change in Fund Balance	23,608	143,348	0	166,956	124,464
<u>FUND BALANCE</u> - Beginning of Year	149,601	449,205	0	598,806	474,342
<u>FUND BALANCE</u> - End of Year	\$ 173,209	\$ 592,553	\$ 0	\$ 765,762	\$ 598,806

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

COMPARATIVE BALANCE SHEET
JUNE 30,

	2008	2007
<u>ASSETS</u>		
Cash	\$ 59,566	\$ 117,508
Taxes Receivable	5,520	4,642
Due from Other Governments	683,269	589,383
Due from Other Funds	34,932	6,186
Prepaid Expenditures	0	41,647
Investments	94,021	1,642
TOTAL ASSETS	<u>\$ 877,308</u>	<u>\$ 761,008</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 2,971	\$ 61,333
Accrued Expenses	144,130	127,633
Salaries Payable	209,960	222,613
Due to Other Governments	347,038	199,828
Total Liabilities	704,099	611,407
 <u>FUND BALANCE</u>		
Unreserved		
Undesignated	173,209	149,601
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 877,308</u>	<u>\$ 761,008</u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 519,800	\$ 522,723	\$ 502,750
State Sources	2,751,611	2,749,606	2,743,254
Federal Sources	108,864	101,434	85,346
Other Transactions	5,000	3,690	61,290
Total Revenues	3,385,275	3,377,453	3,392,640
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	1,099,600	1,106,377	1,030,764
High School	594,950	571,209	649,782
Added Needs			
Special Education	68,150	70,489	65,632
Compensatory Education - Title I	51,232	49,846	37,930
Compensatory Education - At Risk	53,300	52,870	49,361
Compensatory Education - Title II	21,249	21,264	21,712
Career and Technical Education - Title V	1,086	0	1,032
Supporting Services			
Pupil			
Guidance Services	50,725	49,731	46,704
Health Services	26,835	25,869	24,957
Other Pupil Services	21,100	23,171	21,685
Instructional Staff			
Educational Media Services	41,300	40,404	38,967
General Administration			
Board of Education	26,100	23,178	27,637
Executive Administration	183,600	177,080	173,665

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal - Elementary	149,650	147,402	153,573
Office of the Principal - Secondary	131,950	129,915	128,850
Business			
Other Business Services	57,000	52,945	49,525
Operation and Maintenance of Plant	366,200	379,730	343,675
Pupil Transportation Services	216,220	208,739	388,080
Other Transactions			
Transfers to Other School Districts	147,250	150,952	128,014
Total Expenditures	3,307,497	3,281,171	3,381,545
Excess (Deficiency) of Revenues Over Expenditures	77,778	96,282	11,095
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
2006 Debt Retirement	0	0	199,602
School Service Fund - Food Service	(840)	0	(8,182)
School Service Fund - Athletic Activities	(75,000)	(72,674)	(74,596)
Total Other Financing Sources (Uses)	(75,840)	(72,674)	116,824
Net Change in Fund Balance	1,938	23,608	127,919
<u>FUND BALANCE</u> - Beginning of Year	149,601	149,601	21,682
<u>FUND BALANCE</u> - End of Year	<u>\$ 151,539</u>	<u>\$ 173,209</u>	<u>\$ 149,601</u>

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>LOCAL SOURCES</u>			
Property Taxes			
Current Year Tax Roll	\$ 475,800	\$ 476,640	\$ 457,226
Prior Years Tax Rolls	1,400	0	0
Penalties and Interest on Delinquent Taxes	500	0	0
Tuition	6,100	5,200	9,935
Earnings on Investments and Deposits	9,000	11,776	13,995
Other Local Revenues			
Community School - Fiscal Agent Fee	2,000	2,000	2,000
Miscellaneous	25,000	27,107	19,594
Total Local Sources	519,800	522,723	502,750
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	2,675,000	2,679,899	2,693,971
Grants-In-Aid Restricted			
State School Aid			
At Risk	52,811	52,821	49,283
Special Education	6,500	0	0
Isolated Districts	16,700	16,886	0
Payments in Lieu of Taxes			
Commercial Forest/ Swamp Tax	600	0	0
Total State Sources	2,751,611	2,749,606	2,743,254
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Received Through State			
Title I	50,905	49,805	37,512
Title IID - Technology	427	427	499
Title V	1,086	1,086	1,032
Class Size Reduction	21,246	21,242	21,200
Medicaid Outreach	1,200	0	0

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
Received Through Another Agency			
National Forest	3,600	3,554	4,127
Received From Other School Districts			
Title VI	30,400	25,320	20,976
Total Federal Sources	108,864	101,434	85,346
<u>OTHER TRANSACTIONS</u>			
Transfers from Other School Districts			
Interactive TV	0	0	6,925
ISD Reimbursements	5,000	3,690	1,433
Sale of Fixed Assets	0	0	52,932
Total Other Transactions	5,000	3,690	61,290
TOTAL REVENUES	3,385,275	3,377,453	3,392,640
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
2006 Debt Retirement Fund	0	0	199,602
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 3,385,275	\$ 3,377,453	\$ 3,592,242

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

<u>INSTRUCTION</u>	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries			
Teachers	\$ 616,000	\$ 632,291	\$ 564,673
Aides	8,000	4,998	15,355
Substitutes	28,000	28,344	16,733
Recess and Noon Supervisor	8,000	5,879	5,521
Severance and Longevity Pay	5,000	6,588	26,230
Employee Benefits			
Health Insurance	221,000	213,764	195,881
Retirement	109,000	112,199	107,868
FICA	49,000	51,863	48,230
Workmen's Compensation	1,000	1,106	663
Unemployment Compensation	5,000	6,121	594
Cash-In-Lieu	1,600	1,800	3,600
Purchased Services			
Purchased Services	5,000	2,580	7,720
Travel and Expense	1,500	1,471	653
Workshops and Conferences	2,200	2,047	598
Rent of Equipment	2,300	1,759	650
Supplies and Materials			
Teaching Supplies	12,000	11,092	10,898
Textbooks	21,000	20,385	15,090
Other Supplies and Materials	2,500	1,668	5,399
Capital Outlay			
Furniture and Equipment	1,000	0	4,172
Other Expense			
Miscellaneous	500	422	236
Total Elementary	<u>1,099,600</u>	<u>1,106,377</u>	<u>1,030,764</u>

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>High School</u>			
Salaries			
Teachers	315,000	306,339	365,993
Teachers- Drivers Education	5,000	4,360	7,258
Substitutes	10,000	9,745	8,681
Severance and Longevity Pay	3,000	1,176	15,722
Employee Benefits			
Health Insurance	130,000	127,134	126,228
Retirement	55,000	57,472	66,172
FICA	25,000	18,821	29,837
Workmen's Compensation	1,000	525	419
Unemployment Compensation	1,500	0	19
Purchased Services			
Travel and Expense	2,000	2,841	2,816
Workshops and Conferences	750	215	1,009
Repairs - Equipment	1,500	1,377	(938)
Rent of Equipment	1,750	2,024	1,301
Other Purchased Services	5,000	2,299	5,220
Supplies and Materials			
Teaching Supplies	13,000	11,359	9,142
Teaching Supplies - Driver Education	350	1,070	2,218
Textbooks	6,500	6,518	3,675
Other Supplies and Materials	3,000	759	2,546
Supplies - Title IID	0	427	0
Supplies - Title V	0	1,086	0
Capital Outlay			
Furniture and Equipment	14,000	13,864	0
Other Expense			
Driver Education Expenses	600	1,126	1,137
Miscellaneous	1,000	672	1,327
Total High School	594,950	571,209	649,782

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries			
Teachers	25,700	23,991	22,746
Substitutes	500	1,172	656
Flowthrough	12,646	14,295	12,740
Employee Benefits			
Health Insurance	12,500	12,546	13,555
Health Insurance - Flowthrough	6,662	7,530	5,335
Retirement	4,350	4,197	4,356
Retirement - Flowthrough	2,124	2,401	2,017
FICA	2,000	1,925	1,881
FICA - Flowthrough	968	1,094	884
Workmen's Compensation	100	64	38
Purchased Services			
Travel and Expense	100	318	0
Workshops and Conferences	100	0	0
Supplies and Materials			
Teaching Supplies	400	323	900
Other Expense			
Flowthrough Expenses	0	633	524
Total Special Education	<u>68,150</u>	<u>70,489</u>	<u>65,632</u>
 <u>Compensatory Education - Title I</u>			
Salaries			
Teachers	5,700	3,915	0
Aides	20,417	20,871	16,638
Severance and Longevity Pay	300	139	139
Employee Benefits			
Health Insurance	16,500	17,011	16,520
Retirement	4,367	4,176	2,959
FICA	1,998	1,841	1,256
Workmen's Compensation	50	41	18

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Purchased Services			
Audit	400	400	400
Supplies and Materials			
Teaching Supplies	1,500	1,452	0
Total Compensatory Education - Title I	51,232	49,846	37,930
<u>Compensatory Education - At Risk</u>			
Salaries			
Teachers	30,300	30,052	27,908
Employee Benefits			
Health Insurance	15,400	15,422	14,368
Retirement	5,100	5,048	4,921
FICA	2,400	2,299	2,135
Workmen's Compensation	100	49	29
Total Compensatory Education - At Risk	53,300	52,870	49,361
<u>Compensatory Education - Title IID</u>			
Salaries			
Teachers	13,166	13,330	13,241
Employee Benefits			
Health Insurance	4,699	4,693	6,224
Retirement	2,212	2,212	821
FICA	1,008	1,007	914
Workmen's Compensation	164	22	13
Supplies and Materials			
Title IID Technology	0	0	499
Total Compensatory Education - Title IID	21,249	21,264	21,712
<u>Career and Technical Education - Title V</u>			
Supplies and Materials			
Title V Innovative Technology	1,086	0	1,032

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>SUPPORTING SERVICES</u>			
<u>Pupil</u>			
<u>Guidance Services</u>			
Salaries			
Counseling	38,000	37,946	35,609
Employee Benefits			
Health Insurance	2,575	1,806	1,671
Retirement	6,400	6,374	6,279
FICA	2,950	2,878	2,706
Workmen's Compensation	100	62	38
Purchased Services			
Travel and Expense	0	0	32
Supplies and Materials			
Other Supplies and Materials	700	665	369
Total Guidance Services	50,725	49,731	46,704
<u>Health Services</u>			
Salaries			
Nursing	10,400	10,323	9,958
Severance and Longevity Pay	300	208	208
Employee Benefits			
Health Insurance	11,000	11,057	10,705
Retirement	1,800	1,769	1,793
FICA	800	806	778
Workmen's Compensation	35	18	11
Purchased Services			
Other Professional and Technical Services	1,300	1,234	990
Workshops and Conferences	200	0	51
Supplies and Materials			
Other Supplies and Materials	500	454	463
Capital Outlay			
Furniture and Equipment	500	0	0
Total Health Services	26,835	25,869	24,957

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>Other Pupil Services</u>			
Salaries			
Class and Organizational Advisor	17,000	18,603	17,357
Employee Benefits			
Retirement	2,800	3,115	2,983
FICA	1,300	1,422	1,327
Workmen's Compensation	0	31	18
Total Other Pupil Services	21,100	23,171	21,685
<u>Instructional Staff</u>			
<u>Educational Media Services</u>			
Salaries			
Aides	15,100	14,508	14,222
Severance and Longevity Pay	500	486	486
Employee Benefits			
Health Insurance	16,800	17,011	16,470
Retirement	2,550	2,518	2,594
FICA	1,150	1,115	1,101
Workmen's Compensation	0	24	15
Purchased Services			
Other Purchased Services	1,400	1,543	864
Supplies and Materials			
Library Books	2,500	2,544	2,742
Periodicals	500	237	236
Other Supplies and Materials	800	418	237
Total Educational Media Services	41,300	40,404	38,967

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries			
Board Members	1,400	1,520	1,570
Purchased Services			
Legal Services	3,000	2,527	6,644
Audit Services	8,000	7,985	7,950
Travel and Expense	800	81	0
Workshops and Conferences	300	0	0
Elections	3,000	4,050	3,300
Supplies and Materials			
Other Supplies and Materials	700	75	116
Other Expense			
Dues and Fees	2,900	2,836	1,716
Miscellaneous	6,000	4,104	6,341
Total Board of Education	26,100	23,178	27,637
<u>Executive Administration</u>			
Salaries			
Superintendent	66,600	66,222	64,996
Secretarial - Clerical	42,300	41,520	41,925
Employee Benefits			
Health Insurance	15,600	14,529	14,329
Retirement	18,300	18,380	18,413
FICA	8,400	8,438	8,330
Workmen's Compensation	300	264	164
Cash-In-Lieu	3,000	3,000	2,500

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Purchased Services			
Travel and Expense	700	499	1,237
Workshops and Conferences	300	620	39
Postage and Mailing	3,500	3,088	3,441
Repairs and Maintenance	500	0	0
Drug Free Zone Advertising	0	0	406
Other Purchased Services	16,000	15,411	13,357
Supplies and Materials			
Other Supplies and Materials	4,000	2,716	2,510
Capital Outlay			
Furniture and Equipment	1,000	0	0
Other Expense			
Dues and Fees	1,100	1,024	929
Miscellaneous	2,000	1,369	1,089
Total Executive Administration	<u>183,600</u>	<u>177,080</u>	<u>173,665</u>

School Administration

Office of the Principal - Elementary

Salaries			
School Direction and Management	69,600	69,549	68,185
Secretarial-Clerical	20,600	21,310	20,255
Secretarial-Clerical Overtime	500	0	0
Severance and Longevity Pay	500	486	486
Employee Benefits			
Health Insurance	20,000	18,952	32,886
Retirement	15,600	15,491	15,497
FICA	7,000	7,302	6,750
Workmen's Compensation	250	0	119
Cash-In-Lieu	5,000	5,000	0
Purchased Services			
Travel and Expense	500	456	186
Workshops and Conferences	550	834	97
Repairs and Maintenance	500	1,453	0

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
Rent of Equipment	2,000	794	1,951
Other Purchased Services	900	890	1,288
Supplies and Materials			
Other Supplies and Materials	4,000	4,350	5,169
Capital Outlay			
Furniture and Equipment	800	0	0
Other Expenses			
Dues and Fees	600	535	535
Miscellaneous	750	0	169
Total Office of the Principal - Elementary	149,650	147,402	153,573

School Administration

Office of the Principal - Secondary

Salaries

School Direction and Management	65,900	65,853	64,562
Secretarial-Clerical	16,500	16,938	15,988
Secretarial-Clerical Overtime	1,000	0	438
Severance and Longevity Pay	200	0	880

Employee Benefits

Health Insurance	18,000	17,187	17,350
Retirement	14,000	14,038	14,105
FICA	6,400	6,396	6,333
Workmen's Compensation	250	366	108
Cash-In-Lieu	0	1,200	1,200

Purchased Services

Travel and Expense	500	541	175
Workshops and Conferences	550	120	372
Repairs and Maintenance	0	529	0
Rent of Equipment	1,500	0	1,301
Other Purchased Services	800	1,070	1,288

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Supplies and Materials			
Other Supplies and Materials	4,800	5,304	4,114
Capital Outlay			
Furniture and Equipment	500	0	0
Other Expenses			
Dues and Fees	550	571	585
Miscellaneous	500	(198)	51
Total Office of the Principal - Secondary	<u>131,950</u>	<u>129,915</u>	<u>128,850</u>

Business

Other Business Services

Purchased Services			
Building, Contents and Liability Insurance	20,000	19,154	19,722
Errors and Omission Insurance	4,100	3,795	4,006
Boiler Insurance	1,300	1,191	1,284
Catastrophic Insurance	900	818	813
Other Expenses			
Interest On Debt	23,300	22,482	23,200
Taxes Abated and Written-Off	7,400	5,505	500
Total Other Business Services	<u>57,000</u>	<u>52,945</u>	<u>49,525</u>

Operation and Maintenance of Plant

Salaries			
Custodians	98,000	98,069	93,217
Custodians - Overtime	6,000	1,522	6,656
Severance and Longevity Pay	800	1,639	833
Employee Benefits			
Health Insurance	45,000	43,398	49,361
Retirement	18,000	16,870	17,522
FICA	9,000	7,701	7,614
Unemployment Compensation	0	248	83
Workmen's Compensation	3,500	2,822	1,614

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
Purchased Services			
Travel and Expense	300	476	405
Communications	7,000	6,474	7,104
Utility Services			
Heating Fuel	55,000	64,785	42,783
Electricity	42,000	43,832	41,635
Waste and Trash Disposal	8,000	7,683	7,106
Repairs and Maintenance Services			
Buildings and Grounds	22,000	27,390	24,489
Equipment	2,200	3,027	1,702
Other Purchased Services	18,000	19,569	20,398
Supplies and Materials			
Custodial and Maintenance Supplies	19,000	22,323	21,098
Capital Outlay			
Athletic Complex	3,100	3,100	55
Furniture and Equipment	9,000	8,802	0
Other Expenses			
Miscellaneous	300	0	0
Total Operation and Maintenance of Plant	366,200	379,730	343,675

Pupil Transportation Services

Salaries			
Supervision - Management	3,420	3,416	3,318
Vehicle Operation			
Bus Drivers - Regular Runs	35,500	33,113	32,622
Bus Drivers - Special Education	4,500	4,410	3,364
Driver Mileage	7,600	7,603	7,685
Substitute Bus Drivers	4,400	4,347	3,535
Bus Drivers Extra Trips	8,000	7,414	9,292
Secretarial - Clerical	4,600	4,613	4,523
Aide - Special Education	1,500	0	0
Severance and Longevity Pay	1,500	625	625

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
Employee Benefits			
Health Insurance	35,000	34,121	39,865
Retirement	10,000	10,253	9,768
FICA	4,800	4,511	4,442
Workmen's Compensation	3,700	1,327	849
Unemployment	0	101	186
Cash-In-Lieu	1,000	960	600
Purchased Services			
Pupil Transportation	6,000	5,692	1,847
Communication	2,600	2,772	3,289
Insurance	5,400	5,363	4,082
Repairs and Maintenance	17,000	14,568	8,944
Travel and Expense	150	167	1,977
Drivers Physicals	600	585	561
Workshops and Conference	300	5	694
Other Purchased Services	10,000	8,342	6,094
Supplies and Materials			
Gasoline			
Regular Transportation	30,000	40,411	24,548
Extra Trips	1,000	0	5,300
Oil and Grease	800	729	861
Tires	1,500	0	275
Tubes	500	0	0
Batteries	0	190	206
Vehicle Repair Parts	12,000	10,967	7,733
Garage Supplies	1,500	818	683
Capital Outlay			
Transportation Equipment	0	0	199,602
Other Expenses			
Miscellaneous	1,350	1,316	710
Total Pupil Transportation Services	216,220	208,739	388,080

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER TRANSACTIONS</u>			
<u>Transfers to Other School Districts</u>			
Tuition	53,000	53,848	39,581
Transportation	13,000	15,260	16,984
Interactive TV	23,000	23,374	20,669
Dual Enrollment	250	240	2,125
Special Education - Chargebacks	58,000	58,230	48,655
Total Other Transactions	<u>147,250</u>	<u>150,952</u>	<u>128,014</u>
 Total Expenditures	 <u>3,307,497</u>	 <u>3,281,171</u>	 <u>3,381,545</u>
 <u>OTHER FINANCING USES</u>			
Transfers Out			
School Service Funds			
Food Service	840	0	8,182
Athletic Activities	75,000	72,674	74,596
Total Other Financing Uses	<u>75,840</u>	<u>72,674</u>	<u>82,778</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u><u>\$ 3,383,337</u></u>	 <u><u>\$ 3,353,845</u></u>	 <u><u>\$ 3,464,323</u></u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 73	\$ 7,050
Due from Other Governments	485,838	233,944
Prepaid Expenditures	0	675
Investments	211,480	291,188
	<hr/>	<hr/>
TOTAL ASSETS	\$ 697,391	\$ 532,857
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Technical Bank Overdraft	\$ 16,720	\$ 0
Accounts Payable	30,333	25,239
Accrued Expenses	9,472	9,923
Salaries Payable	48,313	48,490
	<hr/>	<hr/>
Total Liabilities	104,838	83,652
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	0	675
Reserved for Consolidated Community Schools	592,553	448,530
	<hr/>	<hr/>
Total Fund Balance	592,553	449,205
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 697,391	\$ 532,857
	<hr/>	<hr/>

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 195,618	\$ 271,844	\$ 240,780
State Sources	858,382	818,963	599,828
Federal Sources	1,696,797	1,594,674	1,461,146
Other Transactions	183,943	231,362	255,609
Total Revenues	2,934,740	2,916,843	2,557,363
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
High School	352,275	339,162	0
Pre-School	168,874	181,925	222,574
Adult/ Continuing Education			
Adult and Alternative Education	162,635	141,873	767,238
Adult Education - Enrichment	0	0	4,896
Supporting Services			
Pupil			
Truancy/Absenteeism Services	42,886	44,541	0
Guidance Services	45,173	44,256	0
Instructional Staff			
Supervision and Direction of Instructional Staff	63,474	59,837	0
Academic Student Assessment	71,209	64,583	0
General Administration			
Board of Education	1,025	497	0
School Administration			
Office of the Principal	45,490	48,656	0
Other School Administration	11,480	7,893	0
Business			
Fiscal Services	5,101	4,967	0
Operation and Maintenance of Plant	81,274	71,709	0

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Central			
Staff/Personnel Services	4,000	2,968	0
Community Service			
Community Services - Direction	270,139	215,053	178,372
Community Recreation	87,298	83,438	51,638
Other Community Services	1,523,407	1,462,137	1,336,100
Total Expenditures	<u>2,935,740</u>	<u>2,773,495</u>	<u>2,560,818</u>
Net Change in Fund Balance	(1,000)	143,348	(3,455)
<u>FUND BALANCE</u> - Beginning of Year	<u>449,205</u>	<u>449,205</u>	<u>452,660</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 448,205</u>	<u>\$ 592,553</u>	<u>\$ 449,205</u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 46,779	\$ 18,478
Inventory	3,055	2,922
	<hr/>	<hr/>
TOTAL ASSETS	\$ 49,834	\$ 21,400
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Expenses	\$ 1,249	\$ 1,556
Salaries Payable	5,171	6,620
Due to Other Funds	34,932	4,047
	<hr/>	<hr/>
TOTAL LIABILITIES	41,352	12,223
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	3,055	2,922
Unreserved		
Designated for Food Service	5,427	6,255
	<hr/>	<hr/>
Total Fund Balance	8,482	9,177
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 49,834	\$ 21,400
	<hr/> <hr/>	<hr/> <hr/>

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Food Sales	\$ 61,000	\$ 66,156	\$ 60,362
Miscellaneous	0	119	298
State Sources			
State Aid	12,000	9,753	12,757
Federal Sources			
Federal Aid	65,000	70,869	69,568
U.S.D.A. Donated Commodities	10,000	10,907	10,785
Total Revenues	148,000	157,804	153,770
<u>EXPENDITURES</u>			
Salaries			
Cooks and Assistants	40,000	39,282	48,044
Employee Benefits			
Health and Life Insurance	34,000	34,149	29,039
Retirement	6,800	6,580	7,942
FICA	3,100	2,948	3,631
Workmen's Compensation	1,000	1,095	770
Purchased Services			
Repairs	500	0	66
Supplies and Materials			
Food Purchases	40,000	50,380	39,928
U.S.D.A. Donated Commodities	10,000	10,907	10,785
U.S.D.A. Delivery	8,300	4,972	7,252
Other Supplies	3,000	6,918	3,838
Other Expenses			
Miscellaneous	1,300	1,268	1,480
Total Expenditures	148,000	158,499	152,775
Excess (Deficiency) of Revenues Over Expenditures	0	(695)	995

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	2008		2007
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	0	0	8,182
Net Change in Fund Balance	0	(695)	9,177
<u>FUND BALANCE</u> - Beginning of Year	0	9,177	0
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 8,482	\$ 9,177

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 5,320	\$ 28,930
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Salaries Payable	\$ 2,058	\$ 0
Accrued Expenses	501	0
Total Liabilities	2,559	0
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	2,761	28,930
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,320	\$ 28,930

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 28,500	\$ 31,322	\$ 33,567
Sales/ Fundraisers	5,500	20,651	16,127
Donations	5,000	18,212	18,142
Miscellaneous	500	136	1,045
Interest	75	54	84
Entry Fees	2,000	1,730	2,120
Total Revenues	<u>41,575</u>	<u>72,105</u>	<u>71,085</u>
<u>EXPENDITURES</u>			
Salaries			
Athletic Directors	10,500	10,970	11,680
Coaches	46,000	49,651	45,706
Employee Benefits			
Retirement	7,800	10,050	9,468
FICA	3,600	4,594	4,352
Workmen's Compensation	100	99	60
Unemployment	0	434	1,591
Purchased Services			
Repairs	1,000	150	754
Officials	9,000	9,077	9,452
Workers at Events	2,000	2,635	2,228
Registration and Entry Fees	1,300	1,205	1,255
Travel and Expense	4,500	8,540	4,148
Supplies and Materials			
Athletic Supplies	10,500	13,243	11,619
Uniforms	6,000	11,169	8,501

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Other Expense			
Dues	500	1,305	500
Clinics	200	555	100
Fundraising Expenses	5,500	24,903	16,998
Capital Outlay	0	21,805	1,109
Miscellaneous	1,075	563	1,393
Total Expenditures	109,575	170,948	130,914
Excess (Deficiency) of Revenues			
Over Expenditures	(68,000)	(98,843)	(59,829)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	68,000	72,674	74,596
Net Change in Fund Balance	0	(26,169)	14,767
<u>FUND BALANCE</u> - Beginning of Year	4,647	28,930	14,163
<u>FUND BALANCE</u> - End of Year	\$ 4,647	\$ 2,761	\$ 28,930

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

DEBT RETIREMENT FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2008
WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	<u>BOND ISSUE OF</u>		<u>TOTALS</u>	
	<u>2005</u>			
	<u>REFUNDING</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>				
Cash	\$ 19,865	\$ 3,285	\$ 23,150	\$ 9,183
Taxes Receivable	3,290	59	3,349	4,744
Investments	59,013	0	59,013	71,645
TOTAL ASSETS	<u>\$ 82,168</u>	<u>\$ 3,344</u>	<u>\$ 85,512</u>	<u>\$ 85,572</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 2,139
 <u>FUND BALANCE</u>				
Reserved for:				
Debt Retirement	82,168	3,344	85,512	83,433
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 82,168</u>	<u>\$ 3,344</u>	<u>\$ 85,512</u>	<u>\$ 85,572</u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	<u>BOND ISSUE OF</u>		<u>TOTALS</u>	
	<u>2005</u>		<u>2008</u>	<u>2007</u>
	<u>REFUNDING</u>	<u>2006</u>		
<u>REVENUES</u>				
Local Sources				
Property Tax Collections	\$ 479,915	\$ 55,537	\$ 535,452	\$ 507,696
Commercial Forest	9,384	847	10,231	139
Interest Earnings	3,367	0	3,367	7,282
Total Revenues	492,666	56,384	549,050	515,117
<u>EXPENDITURES</u>				
Redemption of Serial Bonds	333,394	50,000	383,394	483,200
Interest on Debt	156,584	6,355	162,939	146,933
Paying Agent Fees	225	0	225	225
Taxes Abated and Written Off	328	38	366	246
Miscellaneous Expenditures	47	0	47	463
Total Expenditures	490,578	56,393	546,971	631,067
Excess (Deficiency) of Revenues				
Over Expenditures	2,088	(9)	2,079	(115,950)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Bonds	0	0	0	200,000
Transfers Out	0	0	0	(199,602)
Total Other Financial Sources (Uses)	0	0	0	398
Net Change in Fund Balance	2,088	(9)	2,079	(115,552)
<u>FUND BALANCE</u> - Beginning of Year	80,080	3,353	83,433	198,985
<u>FUND BALANCE</u> - End of Year	\$ 82,168	\$ 3,344	\$ 85,512	\$ 83,433

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2008

	BALANCE 7/1/07	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/08
Band Booster Club	\$ 2,188	\$ 7,117	\$ 9,396	\$ (91)
Class of 2001	210	0	0	210
Class of 2002	299	0	0	299
Class of 2003	100	0	0	100
Class of 2004	100	0	0	100
Class of 2005	104	0	104	0
Class of 2006	159	0	0	159
Class of 2007	853	0	0	853
Class of 2008	1,100	1,555	2,163	492
Class of 2009	12	1,855	790	1,077
Class of 2010	86	19	0	105
Class of 2011	0	159	0	159
Drama	494	0	0	494
Elementary School	5,614	4,951	8,703	1,862
Elementary Music	912	187	236	863
FCCLA - Regular	(9,322)	46,827	35,867	1,638
FCCLA - Foundation	798	0	0	798
FCCLA - Trip	758	0	0	758
High School	831	4,624	3,161	2,294
Interest - N.O.W. Account	152	80	106	126
Junior High	133	2,824	3,176	(219)
Non-Instructional Flower Fund	(64)	757	546	147
Poms	18	0	0	18
Prom Account	0	1,720	1,720	0
Region II - FCCLA Treas	4	0	0	4
Scholarship - Hughes	10,730	15,504	14,820	11,414
Student Council	2,452	761	858	2,355
Student Services	7,307	5,411	7,447	5,271
Teachers' Lounge Pop Machine	447	1,098	1,075	470
Wood Shop	100	41	0	141
Yearbook	(2,756)	16,420	17,069	(3,405)
	<u>\$ 23,819</u>	<u>\$ 111,910</u>	<u>\$ 107,237</u>	<u>\$ 28,492</u>

Represented by

Assets

Cash

\$ 23,819

\$ 28,492

Liabilities

Due to Groups and Organizations

\$ 23,819

\$ 28,492

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

2005 REFUNDING BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds (General Obligation - Unlimited Tax)		
<u>PURPOSE</u>	The bonds were issued to refinance the outstanding balance of the school's 1996 School Building and Site Bonds (General Obligation - Unlimited Tax) dated November 1, 1996.		
<u>DATE OF ISSUE</u>	February 22, 2005		
<u>AMOUNT OF ISSUE</u>			\$ 3,885,000
<u>AMOUNT REDEEMED</u>			
Prior Years		\$ 210,000	
Current Year		185,000	395,000
<u>BALANCE OUTSTANDING - June 30, 2008</u>			<u>\$ 3,490,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2008			\$ 66,309	\$ 66,309
May 1, 2009	3.000%	\$ 205,000	66,309	271,309
November 1, 2009			63,234	63,234
May 1, 2010	3.250%	215,000	63,234	278,234
November 1, 2010			59,741	59,741
May 1, 2011	3.500%	220,000	59,741	279,741
November 1, 2011			55,891	55,891
May 1, 2012	3.500%	245,000	55,891	300,891
November 1, 2012			51,603	51,603
May 1, 2013	3.625%	265,000	51,603	316,603
November 1, 2013			46,800	46,800
May 1, 2014	3.750%	265,000	46,800	311,800
November 1, 2014			41,831	41,831
May 1, 2015	4.000%	260,000	41,831	301,831
November 1, 2015			36,631	36,631
May 1, 2016	4.000%	260,000	36,631	296,631

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

2005 REFUNDING BONDS PAYABLE
JUNE 30, 2008

	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
November 1, 2016			31,431	31,431
May 1, 2017	4.000%	255,000	31,431	286,431
November 1, 2017			26,331	26,331
May 1, 2018	4.000%	250,000	26,331	276,331
November 1, 2018			21,331	21,331
May 1, 2019	4.000%	250,000	21,331	271,331
November 1, 2019			16,331	16,331
May 1, 2020	4.000%	270,000	16,331	286,331
November 1, 2020			10,931	10,931
May 1, 2021	4.125%	265,000	10,931	275,931
November 1, 2021			5,466	5,466
May 1, 2022	4.125%	265,000	5,466	270,466
		<u>\$ 3,490,000</u>	<u>\$ 1,067,722</u>	<u>\$ 4,557,722</u>

PICKFORD PUBLIC SCHOOLS
PICKFORD, MICHIGAN

2006 SCHOOL BUS BONDS PAYABLE
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	2006 School Bus Bonds (General Obligation - Unlimited Tax)		
<u>PURPOSE</u>	The bonds were issued to fund the purchase of school buses.		
<u>DATE OF ISSUE</u>	September 12, 2006		
<u>AMOUNT OF ISSUE</u>		\$	200,000
<u>AMOUNT REDEEMED</u>			
Prior Years		\$	45,000
Current Year			50,000
			<u>95,000</u>
<u>BALANCE OUTSTANDING</u> - June 30, 2008		\$	<u>105,000</u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2008			\$ 2,152	\$ 2,152
May 1, 2009	4.100%	\$ 50,000	2,153	52,153
November 1, 2009			1,127	1,127
May 1, 2010	4.100%	55,000	1,128	56,128
		<u>\$ 105,000</u>	<u>\$ 6,560</u>	<u>\$ 111,560</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
PHONE: 231-775-9789 FAX: 231-775-9749
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August 1, 2008

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education
Pickford Public Schools
Pickford, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pickford Public Schools for the year ended June 30, 2008, and has issued our report thereon dated August 1, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated July 22, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Pickford Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Pickford Public School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Pickford Public Schools are described in Note I to the financial statements. No new

accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed several adjusting journal entries, which were reviewed and accepted by management. No material misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 1, 2008.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of Pickford Public Schools for the year ended June 30, 2008, we noted the following list of items which we feel deserve comment:

Single Audit

The threshold for requiring a Single Audit of federal award programs is \$500,000. Pickford Public Schools received over \$500,000 in federal funds and is therefore required to have a "Single Audit" in accordance with various federal and state guidelines. We have completed the required Single Audit and have issued our reports thereon under a separate cover from your regular annual financial statements.

Public Act 621

The School has good procedures and controls in place to prepare and monitor the budgets. However, we did note the following items that were not in compliance with Act 621 (Uniform Budgeting and Accounting Act).

The Food Service Fund and Athletic expenditures exceeded the budgeted amounts. In addition, several activities in the General Fund exceeded budgeted amounts.

The District should continue to monitor its budgets closely and make amendments as needed to insure expenditures do not exceed budgeted amounts.

Condition of Accounting Records

The accounting records were found to be in good condition. The accounting personnel did a good job in preparing for the audit.

We encourage the administration and accounting staff to continue to implement new procedures and controls as it appears appropriate or as new rules and regulations require changes.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperation and assistance in helping us fulfill this audit assignment.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.